

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-10 EUR-12 NEA-10 ISO-00 AF-10 EA-07
H-01 L-03 SS-15 NSC-05 CIAE-00 COME-00 DODE-00
DOTE-00 FMC-01 INR-07 NSAE-00 CG-00 DLOS-09
OES-07 MMO-01 SIG-01 FEA-01 NSCE-00 SSO-00
USIE-00 INRE-00 /108 R

DRAFTED BY EB/TCA/MA:CTAYLOR
APPROVED BY EB/TCA/MA:RKBANK
H:CCUTTER AF/I:LSHURTLEFF
EB: AWATSON
L/EB:JCROOK MARAD:STRYKER
EUR/RPE:KSTOCKER
EA/RA:RTHOMPSON E:TMINNIES
NEA/RA:DMORAN
ARA/ECP/ITP:DTAHER
EUR/NE:JCROWLEY
-----094622 080017Z /73

O 072235Z JUL 77
FM SECSTATE WASHDC
TO ALL DIPLOMATIC POSTS IMMEDIATE
AMCONSUL HAMBURG
AMCONSUL RIO DE JANEIRO
USINT BAGHDAD BY POUCH

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PARIS FOR OECD, BRUSSELS FOR EC

E.O. 11652: N/A

TAGS:EWWT, US

SUBJECT:ADMINISTRATION DECISION ON OIL CARGO PREFERENCE

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1. PRESIDENT ON JULY 6 DECIDED TO SUPPORT A SCALED-DOWN VERSION OF AN OIL CARGO PREFERENCE MEASURE NOW BEING CONSIDERED BY CONGRESS (H.R.1037).
2. THE ADMINISTRATION HAS AGREED TO SUPPORT YET TO BE DRAFTED LEGISLATION SIMILAR IN STRUCTURE TO H.R. 1037 WHICH WOULD REQUIRE THAT FOUR AND ONE-HALF PERCENT OF

U.S. IMPORTED OIL (TO BE INCREASED OVER FIVE YEARS TO NINE AND ONE-HALF PERCENT) BE TRANSPORTED ON PRIVATELY-OWNED, U.S.-BUILT AND REGISTERED VESSELS. WHITE HOUSE SUPPORT FOR THIS MEASURE IS BASED ON THE NEED TO PROVIDE ASSURED COMMERCIAL EMPLOYMENT FOR U.S.-FLAG TANKERS. FYI. APPROXIMATELY FOUR PERCENT OF CURRENT U.S. OIL IMPORTS ARE NOW CARRIED ON U.S.-FLAG TANKERS. END FYI. BY CONTRAST, H.R.1037 WOULD PROVIDE THAT INITIALLY 20 PERCENT, AND BY JUNE 30, 1980 30 PERCENT, OF U.S. IMPORTED OIL BE TRANSPORTED ON US-FLAG VESSELS. THE MEASURE WHICH THE ADMINISTRATION IS PREPARED TO SUPPORT CONTAINS NO RPT NO PROVISION FOR INCLUSION WITHIN THE PREFERENCE PERCENTAGE OF FOREIGN BUILT VESSELS REGISTERED UNDER U.S. FLAG.

TAGE OF FOREIGN BUILT VESSELS REGISTERED UNDER U.S. FLAG.

3. THE ADMINISTRATION WILL WORK WITH CONGRESSIONAL COMMITTEES TO DRAFT LEGISLATION EMBODYING ABOVE PROVISIONS. KEY CONGRESSIONAL LEADERS IN MARITIME FIELD HAVE INDICATED THEIR SUPPORT FOR ADMINISTRATION PROPOSAL.

4. IN DISCUSSING SUBJECT WITH FOREIGN OFFICIALS, POSTS MAY NOTE THAT ALTHOUGH ADMINISTRATION DECISION GOES A LONG WAY TOWARD ASSURING OIL CARGO PREFERENCE, IT DOES NOT MAKE OIL CARGO PREFERENCE A FAIT ACCOMPLI. WHATEVER LEGISLATION IS DRAFTED WILL HAVE TO BE PASSED BY CONGRESS. FYI. AS MANY ADDRESSEES AWARE, CONGRESS DID PASS 30 LIMITED OFFICIAL USE

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PERCENT OIL CARGO PREFERENCE LEGISLATION IN 1974 DESPITE FORD ADMINISTRATION OPPOSITION; HOWEVER, THE BILL WAS VETOED BY PRESIDENT FORD. END FYI.

5. AT MEETING HELD JULY 7, ASSISTANT SECRETARY KATZ INFORMED EMBASSY REPRESENTATIVES OF BELGIUM, DENMARK, FINLAND, FRG, GREECE, ITALY, JAPAN, NETHERLANDS, NORWAY, SWEDEN, AND UK OF ADMINISTRATION POSITION. KATZ INFORMED EMBASSY REPRESENTATIVES THAT THEIR REPRESENTATIONS HAD BEEN CONSIDERED BY PRESIDENT, BUT THAT BECAUSE OF DOMESTIC EMPLOYMENT CONSIDERATIONS PRESIDENT DETERMINED IT NECESSARY TO SUPPORT LIMITED OIL CARGO PREFERENCE. KATZ ALSO EMPHASIZED THAT GIVEN CURRENT PROJECTIONS OF U.S. OIL IMPORT LEVELS AND OF OTHER DEMANDS FOR U.S.-FLAG TANKER TONNAGE, PROPOSED LOW LEVELS OF CARGO PREFERENCE WILL NOT GENERATE A DEMAND FOR U.S.-FLAG TANKER TONNAGE IN EXCESS OF WHAT IS PRESENTLY AVAILABLE AND ON ORDER WHICH WOULD ADVERSELY AFFECT CURRENT WORLD TANKER SURPLUS.

6. FYI. QUESTION OF HOW TO DEAL WITH PROBLEMS THIS MEASURE MAY POSE FOR TREATIES OF FRIENDSHIP, COMMERCE

AND NAVIGATION IS CURRENTLY UNDER URGENT STUDY, AND WE
WILL ADVISE APPROPRIATE POSTS ASAP. END FYI. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, CARGO, MARINE TRANSPORTATION, IMPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: CTAYLOR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770242-0257
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770781/aaaacsjx.tel
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Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: b7ff146f-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1932936
Secure: OPEN
Status: NATIVE
Subject: ADMINISTRATION DECISION ON OIL CARGO PREFERENCE LIMITED OFFICIAL USE LIMITED OFFICIAL USE
TAGS: EWWT, US
To: ALL POSTS HAMBURG MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b7ff146f-c288-dd11-92da-001cc4696bcc
Review Markings:
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